

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 1153 - SB 1173

March 18, 2015

SUMMARY OF BILL: Authorizes the unmarried spouse of a deceased owner, occupying the dwelling house as a surviving joint tenant by the entireties, to continue to reside in the dwelling house without disqualifying the property from the benefits of being a Homebelt property, thus maintaining the present use residential valuation for property zoned for commercial use.

ESTIMATED FISCAL IMPACT:

On March 2, 2015, a fiscal note was issued for this bill with the following estimated impact:

Other Fiscal Impact – To the extent property would be reassessed and taxed at a higher rate in the future under current law, and such property continues to be assessed and taxed at the current lower rate under the provisions of this bill, there would be forgone revenue to local governments. The extent of any forgone revenue is dependent upon multiple unknown factors and cannot be quantified. Otherwise, the fiscal impact of the bill is estimated to be not significant.

On March 18, 2015, it was determined that the estimated impact for the bill was in error. After additional consideration, the fiscal note has been corrected as follows:

(CORRECTED)

Forgone Local Revenue – \$100,000

Corrected Assumptions:

- This bill will have no impact to state government; it only applies to local property tax.
- This bill could result in forgone revenue to local governments when applicable property would be reassessed and taxed at a higher rate in the future under current law, and the applicable property continues to be assessed and taxed at the relative lower rate under the provisions of this bill.
- The fiscal impact of this bill on local government is dependent upon several unknown factors such as the number of dwellings occupied by unmarried spouses of deceased owners, the extent to which any such property is currently being assessed and taxed, the extent to which such property would be assessed and taxed in the future under current law, the extent to which such property would be assessed and taxed in the future under the provisions of the bill, and the timing for which any reassessments would occur under

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the provisions of the bill relative to the timing for which any reassessments would occur under current law.

- Given the extent of factors for which no hard data is readily available such as the number of dwellings occupied by unmarried spouses of deceased owners, the extent to which any such property is currently being assessed and taxed, the extent to which such property would be assessed and taxed in the future under current law, determining a precise impact to local government is difficult.
- If there were 50 properties statewide affected by the provisions of this bill and assuming a typical home with a current property tax liability of \$2,000 might experience a doubling in property taxes if the Homembelt deduction were lost, the extent of forgone local revenue is estimated at \$100,000 (50 x \$2,000) per year statewide.
- Any decrease to local property tax revenue from such properties currently being taxed and collected at the higher tax liability (i.e. without the Homebelt deduction) is assumed to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding", written in a cursive style.

Jeffrey L. Spalding, Executive Director

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